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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1965

NO. 266

KNAPP-MONARCH COMPANY,
Petitioner,

v.

CASCO PRODUCTS CORPORATION,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

HOWARD W. CLEMENT
GRANGER COOK, JR.
38 South Dearborn Street
Chicago, Illinois 60603
Attorneys for Respondent

TWENTIETH CENTURY PRESS, INC., CHICAGO 60606

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RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

INTRODUCTION

Respondent respectfully requests that the Supreme Court of the United States deny petitioner's Petition for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit, entered on March 23, 1965, in its cause No. 14,788.

Respondent accepts the statements set forth by petitioner under the headings "Opinions Below," "Grounds of the Court's Jurisdiction," and "Statutes Involved."

PETITIONER'S QUESTION PRESENTED

Respondent denies that this case presents any question that merits the attention of this Court and, further, sub-

mits that "Petitioner's Question Presented" should more properly have been stated as follows:

"Contrary to its own decisions, should this Court in determining whether or not venue lies in a patent infringement action ignore the 'regular and established place of business' test in the patent venue provision of 28 U.S.C. 1400(b) and adopt instead the 'doing business' test in the general venue provision of 28 U.S.C. 1391(c)?"

SUPPLEMENTAL STATEMENT OF THE CASE

The statement of facts in petitioner's petition omits certain facts found by the District Court, and respondent Casco submits the following supplementary statements, none of which are in dispute.

Respondent Casco and Langenfeld[1] have the classical relationship of a manufacturer and an independent manufacturer's representative (A. 16).[2] Respondent Casco's activities consist of manufacturing, using, and routinely selling its products elsewhere than the district of suit, while Langenfeld's representation activities comprise the solicitation of orders for respondent's products. The orders are forwarded to respondent's principal place of business and sole manufacturing facility in Bridgeport, Connecticut, where the orders are accepted and the sales consummated. Respondent Casco makes shipments directly to the purchaser and the purchaser makes payments directly to respondent.

Respondent has no office, no sales room, no warehouse, no distribution facility, no plant, and no facility of any

1. Langenfeld is an abbreviation for E. A. Langenfeld Associates, Ltd., defendant in District Court and Court of Appeals action, but not a party to the petition. Langenfeld is a manufacturer's representative for four manufacturers including respondent.

2. Designation (A....) refers to the appendix attached to petitioner's-appellant's brief in the Court of Appeals.

kind in the district of suit. Respondent has no salaried sales force or employees of any kind working at, residing in, or operating out of either Langenfeld's office or any other location in the district of suit. Under Casco's agreement, Langenfeld is "an independent businessman. As such, he shall pay any and all expenses which he may incur in acting as a manufacturer's representative, including but not limited to travel, secretarial, telephone and office expenses . . ." (A. 16). As stated by the District Court, "the connection between Casco and Langenfeld is such that the office is Langenfeld's and Langenfeld's alone, and Casco has no interest in the premises." (A. 95)

REASONS FOR DENYING GRANTING OF WRIT

A. No Basis Exists Under Supreme Court Rule 19(b) For Granting Writ of Certiorari.

This Court in *Magnum Import Company* v. *Coty et al.*, 262 U.S. 159, 163 (1923) stated specifically that, with respect to writs of certiorari, *"The jurisdiction was not conferred upon this court merely to give the defeated party in the Circuit Court of Appeals another hearing."* (Emphasis added.).

No unusual, unsettled, conflicting, or important matters of public policy have been raised by the petitioner. The petition is an attempt to further petitioner's own objectives of asking the Court for "another hearing" of this patent venue issue—which was fully briefed before the District Court and fully briefed and argued before the Seventh Circuit.

The question of proper venue in patent infringement actions is frequently raised in patent cases and, clearly, is a question of Federal law. However, the Supreme Court has previously decided that the general venue provisions (28 U.S.C. 1391(c)) and the patent venue provisions (28 U.S.C. 1400(b)) are mutually exclusive. Hence, indirectly,

if not directly, this Court has held that the "doing business" test of the general venue provisions of Section 1391(c) is not the test to be applied to the patent venue provisions of Section 1400(b).[3] More importantly, this Court has passed on the "regular and established place of business" issue and resolved it favorably to a respondent in a case involving a fact situation generally similar to the one in the present case.[4]

Hence, this Court has previously settled "important" patent venue questions and should not be imposed upon to pass on unimportant, detailed questions of the type defined by petitioner. Such unimportant, detailed, or precise patent venue questions should be, and actually have been, resolved *without conflict* by the First and Seventh Circuit Courts and many District Courts. As such, they are not within the scope of Rule 19(b).

Petitioner asserted that the Seventh Circuit's decision is in conflict with prior court decisions, which petitioner readily admits are prior **District Court** decisions only. Actually, these District Court cases are factually distinguishable from the facts of the present case and, therefore, are *not* in conflict with the decision below.[5] In any event, the

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3. *Fourco Glass Co.* v. *Transmirra Products Corp. et al,* 353 U. S. 222 (1957); *Schnell et al* v. *Peter Eckrich & Sons, Inc. et al,* 365 U. S. 260 (1961); *Stonite Products Co.* v. *Melvin Lloyd Co.,* 315 U. S. 561 (1942).

4. *W. S. Tyler Company* v. *Ludlow-Saylor Wire Company,* 236 U. S. 723 (1915).

5. Furthermore, petitioner suggests on page 8 of its petition that *no* Court of Appeals or District Court after finding that a defendant committed an act of infringement "dismissed for lack of venue on the basis that the non-resident defendant is only represented locally by a sales representative." As a matter of fact, many of these courts have held that a defendant had *no* "regular and established place of business," even though it *had* committed acts of infringement in the districts in question. See *Phillips et al* v. *Baker et al,* 121 F.2d 752 (9 C.A., 1941); *B. Heller & Company* v. *First Spice Manufacturing Corp. et al,* 172 F.Supp. 46 (D.C. Ill., 1959); *E. H. Sheldon & Company* v. *Norbute Corporation,* 228 F. Supp. 245 (D.C. Pa., 1964).

Seventh Circuit's decision below is **not** in conflict with "the decision of another Court of Appeals" as prescribed by Supreme Court Rule 19(b).

Finally, petitioner asserts that the Seventh Circuit's decision has so far departed from decisional authority as to call for the exercise of this Court's power of supervision. On the contrary, the Seventh Circuit's decision clearly followed the prior decisions of the Supreme Court and the First Circuit.[6] In summary, no basis exists under Rule 19(b) for granting the Writ of Certorari.

B. The "Doing Business" Test of 28 U.S.C. 1391(c) as Proposed by Petitioner Should Not Be Substituted for the "Regular and Established Place of Business" Test of 28 U.S.C. 1400(b).

In *Fourco Glass Co.* v. *Transmirra Products Corp. et al.*, 353 U.S. 222, 229 (1957), this Court aptly stated:

> "We hold that 28 U.S.C. 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, and that it is not to be supplemented by the provisions of 28 U.S.C. 1391(c)."

In *Schnell et al.* v. *Peter Eckrich & Sons, Inc. et al.*, 365 U.S. 260 (1961), this Court on page 264 stated that the "requirement of venue is clear and unambiguous; it is not one of those vague principles which, in the interest of some overriding policy, is to be given a 'liberal' construction." This Court also stated on page 262-3, as follows:

> "The language of this special statute is clear and specific . . . and for us to enlarge upon the mandate of the Congress as to venue in such patent actions would be an intrusion into the legislative field."

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6. *Fourco Glass Co.* v. *Transmirra Products Corp. et al*, supra; *Schnell et al* v. *Peter Eckrich & Sons, Inc. et al, supra; W. S. Tyler Company* v. *Ludlow-Saylor Wire Company*, 236 U.S. 723 (1915); *General Radio Company* v. *Superior Electric Company*, 293 F.2d 949 (1 C.A. 1961).

The thrust of the petition is that the above statements of this Court should be ignored and the "doing business" test of 28 U.S.C. 1391(c) substituted for the "regular and established place of business" test of 28 U.S.C. 1400(b). Actually, this specific argument has been advanced before and generally refuted by the Supreme Court; specifically considered and rejected by the Ninth Circuit Court of Appeals, for example; and expressly repudiated by various District Courts.[7]

In support of its position, petitioner relies upon the **District Court** case of *Ronson Art Metal Works, Inc.* v. *Brown & Bigelow, Inc.*, 104 F.Supp. 716 (D.C. N.Y., 1952). However, the court did *not* adopt petitioner's substituted test, but on the contrary, recognized *different* statutory tests for the general and patent venue sections. In the *Ronson case*, the defendant occupied, regularly maintained, and actually paid for three offices which were used by executive, secretarial, accounting, and sales personnel of the defendant. Such activity obviously satisfied the "regular and established place of business" test.

Hence, petitioner's petition is unsupported by any court decisions and seeks to judicially modify the venue language of 28 U.S.C. 1400(b) contrary to the prior expressions of this Court in the *Fourco* and *Schnell* cases. Petitioner's appeal should be to the Congress and not this judicial body.

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7. *Fourco Glass Co.* v. *Transmirra Products Corp. et al*, supra; *Schnell et al* v. *Peter Eckrich & Sons, Inc. et al*, supra; *Stonite Products Co. v. Melvyn Lloyd Co.*, supra; *Phillips et al* v. *Baker et al*, supra; *William J. McGah* v. *V-M Corporation et al*, 166 F.Supp. 662 (D.C. Ill., 1958); *B. Heller & Co.* v. *First Spice Manufacturing Corp.*, supra; *New Wrinkle, Inc.* v. *Fritz et al*, 30 F.Supp. 89 (D.C. N.Y., 1939).

C. Respondent Has No Regular and Established Place of Business Under Applicable Decisional Authority.

In a well-considered and detailed opinion, the Honorable Julius J. Hoffman of the District Court held that, although respondent Casco had sold two of the accused devices, respendent had no "regular and established place of business" in the district of suit. In a similarly well-considered and detailed opinion, the Court of Appeals reached the same conclusion and affirmed. Contrary to the assertions of petitioner, the decisions below did *follow* the Supreme Court, First Circuit, and applicable District Court decisions.[8] On facts less favorable than the present case, this court in the *Tyler case* stated on page 725, "Considering all the facts disclosed we think them insufficient to support the allegation that appellee had a regular and established place of business . . . within the intendment of the statute."

In support of its position, petitioner only cites the District Court case of *Chadeloid Chemical Co.* v. *Chicago Wood Finishing Co., et al.*, 180 Fed. 770, 771 (D.C. N.Y., 1910). The court said "the facts . . . show that Olmstead's (representative's) office was known by the defendants to serve on occasion as a place of distribution." In the present case, Langenfeld's office has *never* served as a distribution facility for respondent and Langenfeld has never made the representations made by Olmstead in the *Chadeloid case*. Moreover, the court that decided the *Chadeloid case* was the same court that later decided the *Brevel Products case;* this same court ignored the *Chadeloid case* and held that the defendant had no "regular and established place of business."

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8. *W. S. Tyler Company* v. *Ludlow-Saylor Wire Company*, supra; *General Radio Company* v. *Superior Electric Company*, supra; *Brevel Products Corp.* v. *H & B American Corporation et al*, 202 F.Supp. 824 (D.C. N.Y., 1962), although not cited in the decisions below, the facts of this case are almost on all fours with the present case.

Petitioner urges that respondent's activities in the district of suit are tantamount to a "regular and established place of business." Among the activities mentioned are Casco's authorization to Master Electric Co. to repair Casco's products, Casco's across-the-counter replacement policy, and Casco's attendance for about one week during January and July of 1963 at the National Housewares Show in Chicago. This latter activity is typical of Casco's other activities and has been held to be in *no way* probative of the existence of a regular and established place of business in the district of suit.[9]

With full knowledge of respondent's activities in the district of suit and relying upon the above Supreme Court cases, First Circuit case, and the *B. Heller case,* the Seventh Circuit below pointedly concluded (AA. vi)[10] *"On the contrary, the very diffusion of its various activities in Chicago is the* **antithesis** *of a* **'regular'** *and* **'established'** *place of business."*

CONCLUSION

As aptly stated in the *Brevel Products case,* supra, "an essential prerequisite for a finding of venue" under 28 U.S.C. 1400(b) "is that the defendant *actually maintains, in the words of the statute* 'a regular and established place of business' within the district." (Emphasis added.)

Respondent has no office, no sales room, no warehouse, no distribution facility, no plant, and no facility of any kind in the district of suit. Respondent has no salaried sales force or employees of any kind working at, residing in, or operating out of either Langenfeld's office or any other location in the district of suit.

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9. *John F. Mastantuono* v. *Jacobsen Manufacturing Company,* 184 F.Supp. 178 (D.C. N.Y., 1960); *B. Heller & Company* v. *First Spice Manufacturing Corp. et al,* supra.

10. Designation (AA. . .) refers to appendix attached to petitioner's petition.

For the reasons discussed, respondent respectfully requests that the Writ of Certiorari be denied.

Respectfully submitted,

HOWARD W. CLEMENT
GRANGER COOK, JR.
Attorneys for Respondent

PROOF OF SERVICE

It is hereby certified that four copies of the foregoing "Respondent's Brief in Opposition to Petition for a Writ of Certorari" were delivered to and served on Mr. Norman Lettvin, Bair, Freeman & Molinare, 135 South LaSalle Street, Chicago, Illinois, on July 14, 1965.

GRANGER COOK, JR.
Attorney for Respondent

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